

Message Text

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PAGE 01 JAKART 07570 081038Z

ACTION EA-12

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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9320
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMCONSUL MEDAN
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
AMEMBASSY TOKYO

C O N F I D E N T I A L JAKARTA 7570

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: GOI REORGANIZATION HIGHLIGHTS ENERGY

1. SUMMARY: PLACEMENT OF OVERALL GOI ENERGY AUTHORITY IN MINISTRY OF MINES AND ENERGY PROVIDES MINISTER SUBROTO WITH POTENTIALLY FAR-REACHING AUTHORITY IN CHARTING INDONESIA'S ENERGY FUTURE. GOI PLANS ESTABLISH A "NATIONAL ENERGY BOARD" TO DEVELOP AND IMPLEMENT INDONESIA'S ENERGY POLICY. END SUMMARY.
2. WHEN MINISTER SUBROTO WAS INSTALLED IN MARCH, THE MINISTRY OF MINES WAS GIVEN OVERALL GOI ENERGY RESPONSIBILITIES AND REMANED MINISTRY OF MINES AND ENERGY.
3. AS PART OF THIS AUTHORITY, THE STATE ELECTRIC COMPANY, PLN, WAS TRANSFERRED INTO THE NEW MINISTRY, AND SUBROTO

CONFIDENTIAL

PAGE 02 JAKART 07570 081038Z

PLANS TO ADD A THRID DIRECTORATE GENERAL TO ADMINISTER ELECTRIC POWER. HE IS ALSO CONSIDERING A FOURTH DIRECTORATE GENERAL FOR GEOLOGY. IN A FURTHER CHANGE, THE AD HOC INTER-MINISTERIAL TECHNICAL COMMITTEE ON ENERGY WAS TRANSFERRED FROM THE MINISTRY OF RESEARCH TO THE MINISTRY OF MINES AND ENERGY. OTHER ORGANIZATIONAL CHANGES ARE RUMORED, BUT IT NOW APPEARS THAT

BATAN, INDONESIA'S NUCLEAR AUTHORITY, WILL REMAIN AUTONOMOUS.

4. IN SETTING A NEW ENERGY COURSE, SUBROTO RECENTLY ASKED HIS STAFF TO CONCENTRATE ON FOUR SUBJECTS
A) DIVERSIFICATION FOR OIL IN DOMESTIC ENERGY USE AND WITHIN OIL PRODUCT USE, TO FIND WAYS TO ENCOURAGE CONSUMPTION OF LOWER GRADE PETROLEUM PRODUCTS;
B) RURAL ENERGY DEVELOPMENT. SUBROTO GIVES THIS HIGH PRIORITY AND REPORTEDLY PLANS TO CREATE A SPECIAL COMMITTEE ON THIS SUBJECT;
C) SOLAR ENERGY RESEARCH. ENERGY RESEARCH IS THE RESPONSIBILITY OF THE MINISTRY FOR RESEARCH, BUT SUBROTO HAS ASKED HIS STAFF TO COOPERATE WITH MINISTER HABIBIE'S OFFICE TO MOVE RAPIDLY AHEAD WITH STUDIES OF SOLAR ENERGY APPLICATIONS IN INDONESIA;
D) SUBSTITUTION OF GASOLINE FOR DIESEL. SUBROTO WANTS TO REDUCE USE OF DIESEL FUEL IN INDONESIA, BUT MAY RUN INTO PROBLEMS WITH MINISTRY OF INDUSTRY ON THIS ONE. MINISTRY OF INDUSTRY IS BOOSTING DIESELIZATION INCLUDING PROMOTING DIESEL ENGINE FACTORY IN SURABAYA.

5. SUBROTO HAS PUBLICLY ANNOUNCED THE GOI'S INTENTION TO SET UP A NATIONAL ENERGY BOARD TO COORDINATE AND SYNCHRONIZE INDONESIAN ENERGY POLICIES. SUBROTO ENVISIONS NATIONAL ENERGY POLICY AS FOCUSING ON THREE
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CONFIDENTIAL

PAGE 03 JAKART 07570 081038Z

MAJOR AREAS: A) CONSERVATION; B) DIVERSIFICATION OF ENERGY SUPPLY AND ACCELERATION OF RURAL ELECTRIFICATION; AND C) THOROUGH CLASSIFICATION AND INDEXATION OF INDONESIA'S ENERGY RESOURCES. SEVERAL MINISTRIES WOULD BE REPRESENTED ON THE BOARD WITH SUBROTO PRESUMABLY CHAIRING ITS WORK.

6. STILL IN HIS FIRST MONTHS ON THE JOB, SUBROTO IS WORKING DILIGENTLY TO DEAL WITH OIL AND NEW ENERGY ISSUES. HE HAS CLEARLY BROUGHT HIS OWN STYLE TO THE MINISTRY OF MINES AND ENERGY. HE IS NOT (AT LEAST YET) AS ACCESSIBLE AS SADLI TO FOREIGN BUSINESSMEN AND REPORTEDLY HAS CHANGED THE WORKING RELATIONSHIP BETWEEN HIS OFFICE AND THE MINISTRY'S TOP STAFF. THERE ARE STILL UNRESOLVED POLITICAL AND BUREAUCRATIC UNCERTAINTIES IN INDONESIA'S ENERGY MANAGEMENT. HOWEVER, THE INCLUSION OF ENERGY AT THE CABINET LEVEL GIVES THE MINISTRY OF MINES AND ENERGY POTENTIALLY GREAT IMPORTANCE IN CHARTING INDONESIA'S ENERGY AND ECONOMIC FUTURE.
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